

# EARLY CARE AND EDUCATION PLAN

## INVESTMENTS IN HUMAN CAPITAL AND EDUCATION

Widely shared middle-class prosperity has made the United States the most hopeful and dynamic country on earth and is a foundation of strong democracy. Yet today, America's middle class is in trouble: the traditional routes into the middle class have become more difficult to travel and security has eroded for those already in the middle class. Major economic and policy changes over the past three decades have widened economic inequality and reduced mobility in ways that go far beyond the impact of the recent recession. Too many people who play by the rules and do everything right find that they cannot climb into the middle class—or stay there. To meet this challenge, Millions to the Middle offers dramatic public policy initiatives to rebuild and grow the nation's middle class.

### POLICY IN FOCUS

#### EARLY CARE AND EDUCATION PLAN

Give states additional Child Care and Development Block Grant funding to double the number of children served by child care assistance, make the federal Child and Dependent Care Tax Credit refundable, and expand Head Start and Early Head Start.

We aim to accomplish two broad interrelated goals: to ensure that all Americans have a chance to move into the middle class and, second, to ensure greater security for those in the middle class. The 14 policies we offer are rooted in mainstream American values and able to command strong public support over the long term. Together, they go beyond the confines of the current policy debates and are of sufficient scale to firmly establish a middle-class America.

Our policy agenda is based on the three broad pillars of middle-class opportunity and security: investments in human capital and education; support for growth, job creation, and career development; and helping Americans build assets. This policy is part of the **Investments in Human Capital and Education**.

# POLICY: EARLY CARE AND EDUCATION PLAN

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Invest in affordable, high-quality childcare and early education to ensure all American children a strong start in life and enable them to begin school ready to learn.

## POLICY RATIONALE

**C**hild care and early education are vital to economic growth and future competitiveness. Working families need access to affordable and high-quality child care and preschool education in order to meet their families' basic needs. At the same time, investing in child care also meets a national need by ensuring that children can develop their full potential to become critical thinkers and engaged citizens.

There is substantial research indicating that birth to age 3 is a crucial time in a child's development, impacting later school performance and life chances.<sup>1</sup> For example, children who benefit from early care and education programs are less likely to engage in criminal behavior later in their lives and are more likely to graduate from high school and college. Higher graduation rates translate to higher incomes upon entering the labor force, the long-term benefits of which include higher tax revenue which might be considered a return on the public's investment in that child. Multiple cost-benefit analyses conducted on three of the intensive educational programs that have been studied long term – Abecedarian, Perry Preschool, and ChildParent Center – have found that the public benefits far exceed the costs of the programs; benefits range from \$6 to \$13 for every \$1 spent on the programs.<sup>2</sup>

Yet child care is exceedingly expensive: Dēmos and Young Invincibles' "State of Young America" study reports that child care fees for two children (an infant and a 4 year-old) in a child care center exceeded annual median rent payments in every state in the U.S.<sup>3</sup> The national average for center-based child care costs in 2010 was \$8,900 for full-time care for an infant and \$7,150 for full-time care for a preschooler.<sup>4</sup> While well-off families can afford the type of good child care and education all children deserve, low-income and middle-class families often cannot, and may end up with lower-quality care or lose jobs as they juggle unstable child care situations. The federal Head Start program, aimed at families in poverty, reaches only about half of three- and four-year-olds from poor families and seldom provides the full-day care that parents trying to work their way into the middle class often need. Federal block grants that subsidize child care are inadequate, as are tax credits that aim to offset the cost burden for middle-class families.

## OPINION SNAPSHOT

- 57% of parents of young children report that child care is an economic necessity. Three-quarters of such parents rate affordable child care as the most or one of the most important factors in helping working families.<sup>7</sup>
- Next to hard work and personal ambition, Americans see access to a quality education as the most important factor in whether a person gets ahead economically.<sup>8</sup>
- The number one thing Americans want to see government do to help people get ahead is "ensuring all children get a quality education" – a policy goal that even trumps promoting job creation.<sup>9</sup>

Accordingly, the Zero-16 Contract for Education includes a plan for affordable, high-quality child care which expands tax credits to low- and middle-income families, increases federal block grant funding allocated to child care assistance, provides resources to enhance the training of child care providers, sets up a system to monitor child care facilities for safety, and calls for specific techniques and approaches for improving the quality of child care services to families with limited English proficiency and children with special needs. It also expands public investment in Head Start and Early Head Start to ensure access to all low-income families interested in enrolling their children. A high-quality early care system would cost an estimated \$88 billion a year.<sup>5</sup>

## **POLICY DESIGN**

The early care and education component of the Zero-16 Contract for Education is based on a blueprint for affordable, high-quality child care developed by a coalition of national and state educators, advocates, and analysts.<sup>6</sup> It will ensure all American children a strong start in life and enable them to begin school ready to learn.

A summary of the blueprint follows:

- To ensure that parents have access to a range of child care services, states will receive additional Child Care and Development Block Grant funding in order to double the number of children currently served nationally by child care assistance. States must also implement strategies to increase the supply of child care in underserved areas and to make these services more accessible to populations with limited English proficiency.
- To expand direct child care assistance to low- and middle-income families, the federal Child and Dependent Care Tax Credit will be made refundable, while the sliding scale for determining the amount of the credit will be expanded so that it begins at 50 percent of expenses for families with incomes of \$35,000 or less. In addition, the current expense limits of the credit will be maintained at no less than \$3,000 for one child or dependent and \$6,000 for two or more children or dependents. Finally, the credit will be indexed to inflation to maintain its value.
- The federally funded preschool programs Head Start and Early Head Start will see their funding expanded to ensure access to all low-income families interested in enrolling their children.
- Federal funding will also be authorized to provide a pool of capital to make grants to renovate and construct child care facilities in low-income communities.
- The Child Care and Development Block Grant will be expanded with funds sufficient to ensure that all child care meets basic health and safety and child development standards. The block grant will also provide funding for the licensing and regulation of child care providers and the establishment of a system to rate the quality of providers and provide support to help them improve. Efforts to improve care for infants and toddlers will receive significant new resources.

## ENDNOTES

1. For an overview of recent research, see Lynn Kagan and Jane Waldfogel, “Benefits of Quality Pre-School and Health Interventions,” *The Broader Bolder Approach to Education* (2011) <http://www.boldapproach.org/index.php?id=13>
2. Elizabeth Drilias, “Research on Early Childhood Education Outcomes,” *Public Policy Forum* (Accessed 3 March 2012). <http://www.publicpolicyforum.org/Matrix.htm>
3. “The State of Young America: Economic Barriers to the American Dream,” *Dēmos* (October 2011). [http://www.Dēmos.org/sites/default/files/publications/SOYA\\_TheDatabook\\_2.pdf](http://www.Dēmos.org/sites/default/files/publications/SOYA_TheDatabook_2.pdf)
4. “Parents and the High Cost of Child Care,” *National Association of Child Care Resource and Referral Agencies* (August 2011). <http://www.naccrra.org/publications/naccrra-publications/publications/Cost%20Report%202011.pdf>
5. “Investing in America’s Economy,” *Our Fiscal Security* (2010). [http://www.ourfiscalsecurity.org/storage/Blueprint\\_OFS.pdf](http://www.ourfiscalsecurity.org/storage/Blueprint_OFS.pdf)
6. “Developing America’s Potential: An Agenda for Affordable, High-Quality Child Care,” *National Association for the Education of Young Children* (2009). <http://www.naeyc.org/files/naeyc/file/policy/federal/ChildCareAgenda.pdf>
7. “The Economy’s Impact on Parents’ Choices and Perceptions About Child Care,” *National Association of Child Care Resources and Referral Agencies* (September 2010). [http://www.naccrra.org/sites/default/files/publications/naccrra\\_publications/2012/economysimpactonparentschoices.pdf](http://www.naccrra.org/sites/default/files/publications/naccrra_publications/2012/economysimpactonparentschoices.pdf)
8. “Economic Mobility and the American Dream: Where Do We Stand in the Wake of the Great Recession?” *The Pew Charitable Trusts* (May 2011). [http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic\\_Mobility/Economic\\_Mobility\\_Post\\_Recession\\_Poll.pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/Economic_Mobility_Post_Recession_Poll.pdf)
9. *Ibid.*

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